

## Message Text

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ACTION EA-10

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E.O. 11652: N/A

TAGS: EIND EAGR CH

SUBJECT: ECONOMIC STATISTICS IN CHOU'S REPORT TO NPC

REF: PEKING 0109

SUMMARY: ECONOMIC PERCENTAGE INCREASES GIVEN BY PREMIER CHOU IN HIS REPORT TO THE NPC TEND TO CONFIRM SOME USG ASSUMPTIONS ABOUT THE PRC, BUT IN OTHER CASES THERE ARE SIGNIFICANT DIFFERENCES. FOR EXAMPLE, CHOU'S FIGURES FOR INCREASES IN THE OVERALL VALUE OF AGRICULTURAL AND INDUSTRIAL OUTPUT FROM 1964 TO 1974, WHICH INDICATE AVERAGE ANNUAL RATES OF GROWTH OF 4.2 PERCENT AND 11.2 PERCENT RESPECTIVELY, ARE CONSIDERABLY HIGHER THAN USG ESTIMATES FOR THE SAME PERIOD. END SUMMARY.

1. BASED ON OUR OWN RESEARCH AND DISCUSSIONS WITH COLLEAGUES IN OTHER MISSIONS IN PEKING, USLO HAS DEVELOPED FOLLOWING COMMENT ON ECONOMIC STATISTICS GIVEN BY PREMIER CHOU IN HIS REPORT TO THE NPC (REFTEL).

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A. POPULATION - IN THE 1957 CHINESE PERIODICAL

"T'UNG-CHI KUNG-TSO" (STATISTICAL WORK), THE POPULATION OF MAINLAND CHINA AT THE END OF 1949 WAS LISTED AS 542 MILLION. THREE YEARS LATER, THE PRC PUBLICATION "TEN GREAT YEARS" (TGY) GAVE A SIMILAR FIGURE FOR 1949, STATING THAT THE POPULATION OF MAINLAND CHINA AND TAIWAN ON DECEMBER 31 OF THAT YEAR WAS 549 MILLION. IN HIS REPORT TO THE NPC, PREMIER CHOU SAID POPULATION IS NOW 60 PERCENT LARGER THAN IN 1949. THIS IMPLIES A PRESENT PRC POPULATION OF ABOUT 865 MILLION. HOWEVER, CHOU OBFUSCATED THE ISSUE IN HIS REPORT BY STATING THAT CHINA'S POPULATION IS NOW "NEARLY 800 MILLION."

B. GRAIN OUTPUT - IN HIS NPC REPORT, CHOU SAID 1974 OUTPUT WAS 140 PERCENT GREATER THAN IN 1949. ACCORDING TO TGY, CHINA'S GRAIN OUTPUT IN 1949 WAS 108 MILLION MT, AND ACCORDING TO A PRC BOOKLET ENTITLED "A GLANCE AT CHINA'S ECONOMY" (GCE) PUBLISHED LAST YEAR, 1949 GRAIN PRODUCTION WAS 110 MILLION MT. USING THESE TWO BASES CHOU'S CLAIM WOULD MEAN THAT 1974 GRAIN PRODUCTION FELL WITHIN A RANGE OF 259-264 MILLION MT. THIS SEEMS REASONABLE, THOUGH WE WOULD BE INCLINED TO TAKE THE FIGURE AT THE LOW END OF THE SCALE (SEE PEKING 0128).

C. COTTON - TGY SAYS 1949 OUTPUT WAS 443 THOUSAND MT. GCE SAYS PRODUCTION THAT YEAR WAS 444 THOUSAND MT. CHOU TOLD THE NPC THAT 1974 OUTPUT WAS 470 PERCENT GREATER. APPLYING CHOU'S CLAIM TO EITHER BASE FIGURE WOULD GIVE A 1974 PRODUCTION TOTAL OF 2.5 MILLION MT. THIS WOULD BE HIGHER THAN WE HAVE EXPECTED. IN 1973 THE USG ESTIMATES PRC COTTON OUTPUT AT 2.3 MILLION MT AND FOR LAST YEAR THE CHINESE HAVE PUBLICALLY INDICATED THAT PRODUCTION APPROACHED, BUT DID NOT EQUAL THE 1973 LEVEL.

D. STEEL - CHOU SAID 1974 OUTPUT WAS 120 PERCENT GREATER THAN IN 1964. WE HAVE NO CHINESE FIGURE FOR 1964, BUT APPLYING CHOU'S PERCENTAGE INCREASE TO THE 1964 USG ESTIMATE OF 10 MILLION MT INDICATES 1974 OUTPUT AT 22 MILLION MT. THIS IS LOWER THAN CHINA'S PUBLISHED LIMITED OFFICIAL USE

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CLAIM FOR 1972 OF 23 MILLION MT. ASSUMING THE CHINESE FIGURES ARE CORRECT, THIS INDICATES EITHER THAT THE USG ESTIMATE FOR 1964 WAS A LITTLE LOW OR THAT STEEL OUTPUT IN 1973-74 WAS STAGNANT OR DECLINED. BOTH ARE POSSIBLE.

E. COAL - CHOU CLAIMED A 91 PERCENT INCREASE IN COAL OUTPUT FROM 1964-74. USING USG ESTIMATES OF 200 MILLION MT IN 1964 AND 378 MILLION MT IN 1973 WE GET

AS ESTIMATED 1964-73 INCREASE OF 89 PERCENT. ASSUMING THAT LITTLE GROWTH TOOK PLACE LAST YEAR DUE TO PROBLEMS IN THE COAT SECTOR, CHOU'S FIGURE AND THE USG ESTIMATES SEEM TO COINCIDE.

F. PETROLEUM - CHOU SAID CRUDE OIL OUTPUT INCREASED 650 PERCENT BETWEEN 1964 AND 1974. CHINESE CLAIMS, REFLECTED IN STATEMENTS MADE TO JAPANESE, INDICATE THAT PRC CRUDE PRODUCTION WAS 50 OR 53 MILLION MT IN 1973, AND NCNA STATED THAT 1974 PRODUCTION INCREASED BY 20 PERCENT (I.E. TO 60-63.6 MILLION MT). APPLYING CHOU'S PERCENTAGE INCREASE FIGURE TO THE USG ESTIMATE OF 8 MILLION MT FOR 1964 WOULD ALSO GIVE A 1974 FIGURE IN THE VICINITY OF 60 MILLION MT.

G. ELECTRIC POWER - CHOU SAID POWER OUTPUT ROSE 200 PERCENT FROM 1964 TO 1974. THE USG ESTIMATES THAT TOTAL OUTPUT WAS 36 BILLION KWH IN 1964 AND 101 BILLION KWH IN 1973. APPLYING CHOU'S INCREASE TO THE USG FIGURES, POWER PRODUCTION WOULD HAVE BEEN 108 BILLION KWH FOR 1974 WHICH WOULD REPRESENT AN INCREASE OF 7 PERCENT OVER THE 1973 ESTIMATE. PROBLEMS IN COAL PRODUCTION PROBABLY RETARDED OVERALL GROWTH IN POWER OUTPUT LAST YEAR, AND AN INCREASE OF ONLY 7 PERCENT IS CONCEIVABLE. THUS CHOU'S STATE IS NOT INCOMPATIBLE WITH THE USG ESTIMATES.

H. CHEMICAL FERTILIZER - AS INDICATED IN REFTTEL AND PEKING 0128, CHOU'S STATEMENT OF A 330 PERCENT 1964-74 RISE IN CHEMICAL FERTILIZER PRODUCTION AND USG ESTIMATES DO NOT SEEM COMPATIBLE. THERE ARE VARIOUS POSSIBLE EXPLANATIONS FOR THIS, NOT THE LEAST OF WHICH IS THAT PROBLEMS OF DEFINITION MAY BE INVOLVED.

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I. OVERALL AGRICULTURAL AND INDUSTRIAL OUTPUT - CHOU'S CLAIMS FOR OVERALL INCREASES IN AGRICULTURE AND INDUSTRY ARE SIGNIFICANTLY HIGHER THAN USG ESTIMATES WOULD INDICATE. HE SAID THAT BETWEEN 1964 AND 1974, THE TOTAL VALUE OF AGRICULTURAL OUTPUT ROSE 51 PERCENT (OR AN AVERAGE ANNUAL RATE OF 4.2 PERCENT). THIS COMPARES WITH THE USG ESTIMATE OF A GRAIN PRODUCTION INCREASE OF PERHAPS 33 PERCENT FOR THE SAME PERIOD, AND IMPLIES (ASSUMING CONSTANT PRICES) A VERY SUBSTANTIAL INCREASE IN THE OUTPUT AND VALUE OF NON-GRAIN AGRICULTURAL PRODUCTS. CHOU SAID THAT THE VALUE OF GROSS INDUSTRIAL OUTPUT FROM 1964-1974 INCREASED BY 190 PERCENT (AN AVERAGE ANNUAL RATE OF 11.2 PERCENT). BY COMPARISON, USG ESTIMATES INDICATE THAT INDUSTRIAL PRODUCTION OVER THE 1964-1973 PERIOD INCREASED BY ABOUT

128 PERCENT (OR 9.5 PERCENT ON AN ANNUAL BASIS). WE HAVE NO INFORMATION ON HOW THE CHINESE VALUE OUTPUT IN THE AGRICULTURAL AND INDUSTRIAL SECTORS, AND MORE PRECISE ANALYSIS OF CHOU'S CLAIMS IS NOT POSSIBLE.

2. WE HAVE FOUND THAT THE ENGLISH-LANGUAGE BOOKLET "A GLANCWIAI CHINA'S ECONOMY", PUBLISHED IN PEKING LATE LAST YEAR, CONTAINS A LARGE NUMBER OF FIGURES ON PRC PRODUCTION AND RATES OF INCREASE IN VARIOUS SECTORS OF CHINA'S ECONOMY. MUCH OF THE INFORMATION IS NOT NEW, BUT THE BOOKLET BRINGS MANY PREVIOUSLY SCATTERED CLAIMS TOGETHER AND MAY CONTAIN SOME NEW INFORMATION. WE WILL FORWARD COPIES TO HONG KONG AND WASHINGTON BY POUCH.

3. USG ESTIMATES CITED IN THIS CABLE WERE TAKEN FROM AN UNCLASSIFIED SHEET INCLUDED IN ERIM 74-9 OF JULY 3, 1974. HOLDRIDGE

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